

Message Text

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ACTION AGRE-00

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P 201747Z MAY 77

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC PRIORITY 3547

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PASS AGRIC FOR SECRETARY BERGLAND; D. HATHAWAY;
D. HUME

E.O. 11652: N/A

TAGS: EAGR, ETRD, CA

SUBJECT: BERGLAND/WHELAN TALKS

1. SUMMARY AGRICULTURE SECRETARY BERGLAND, ACCOMPANIED BY ASSISTANT SECRETARY HATHAWAY AND FAS ADMINISTRATOR HUME, HAD VERY USEFUL MEETINGS IN OTTAWA MAY 17-18 WITH AGRICULTURE MINISTER WHELAN, TRANSPORT MINISTER LANG (RESPONSIBLE FOR CANADIAN WHEAT BOARD), AND OTHER SENIOR GOC TRADE POLICY OFFICIALS. ATMOSPHERE OF MEETINGS WAS CORDIAL AND DISCUSSION CANDID. SUBJECTS COVERED INCLUDED GENERAL AGRICULTURAL SITUATION IN U.S. AND CANADA, INTERNATIONAL WHEAT TRADE, FOOD AID, BILATERAL TRADE IN BEEF AND CATTLE, AS WELL AS RANGE OTHER ISSUES OF MUTUAL INTEREST. TWO SIDES AGREED TO MEET ASAP FOR FURTHER DISCUSSION OF BEEF PROBLEM AND ALSO AGREED IN PRINCIPLE ON VALUE OF QUOTE ON-GOING TASK FORCE UNQUOTE TO KEEP BILATERAL AGRICULTURAL ISSUES UNDER REVIEW. END SUMMARY

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2. FOLLOWING IS SUMMARY OF HIGHLIGHTS OF MAIN MEETING CHAIRED BY WHELAN WHICH BEGAN AT 10:00 A.M., MAY 18 AND CONTINUED THROUGH WORKING LUNCH TO APPROXIMATELY 4:30 P.M.:
(A) WHELAN WELCOMED U.S. PARTICIPANTS AND REVIEWED VARIOUS ASPECTS OF CANADIAN AGRICULTURAL SITUATION OF INTEREST TO HIM. AMONG OTHER THINGS HE CALLED ATTENTION TO GREAT DEGREE OF PROVINCIAL AUTHORITY AND ACTIVITY IN FARM PRO-

GRAMS AND EMPHASIZED CONCERN IN PROVINCES, PARTICULARLY ONTARIO, FOR LEGISLATION TO ARREST THE LOSS OF FARM LAND. HE ADDED THAT IF PROVINCES FREEZE FARM LAND THEN THEY WILL EXPECT THE MARKETS FOR THE PRODUCTION FROM THIS LAND TO BE PROTECTED. WHELAN DECRIED ABSENCE OF VIABLE FARM CHEMICAL AND FARM MACHINERY INDUSTRIES IN CANADA AND EXPRESSED DESIRE THAT THESE INDUSTRIES BE FOSTERED UNDER A PLAN SIMILAR TO U.S./CANADIAN AUTO PACT. (B) SECRETARY BERGLAND MENTIONED CHANGE IN USG APPROACH TO COMMODITY AGREEMENTS, SAYING THAT USG IS PREPARED TO COOPERATE IN WORKING OUT SUITABLE AGREEMENT ON SUGAR, WHEAT, ETC. ON FOOD AID, HE SAID, USG WILL DO ITS SHARE IN MULTILATERAL EFFORTS AND OF COURSE WILL CONTINUE TO HELP IN EMERGENCIES BUT CANNOT BE THE WORLD'S PROVISIONER; USG POLICY WILL EMPHASIZE ASSISTANCE TO DEVELOPING COUNTRIES TO INCREASE OWN PRODUCTION. WHELAN AGREED WITH THIS U.S. APPROACH TO FOOD AID. (C) BROILERS - CANADIAN SIDE STATED THAT IMPORTS OF U.S. CHICKEN JUMPED FROM ONE MILLION POUNDS IN 1971 TO OVER 50 MILLION POUNDS IN 1976. IF THIS CONTINUES, CANADA WILL SEE ITS BROILER INDUSTRY VANISH AS WAS THE CASE WITH THE MANUFACTURE OF FARM MACHINERY. PROPOSAL FOR NATIONAL BROILER CHICKEN MARKETING AGENCY IS PROCEEDING AND WILL SOON COME BEFORE GOC CABINET. WHELAN SAID GOC WOULD KEEP USG INFORMED. (D) WHELAN NOTED USG INTEREST IN QUESTION OF FIRST RECEIVERSHIP OF IMPORTS BY NATIONAL MARKETING AGENCIES WHICH HAD BEEN PROPOSED BY CEMA AND MENTIONED THAT PRECEDENT EXISTED IN WHEAT AND DAIRY WHERE CWB AND DAIRY COMMISSION HAVE AUTHORITY TO APPROVE IMPORTS. THE INFERENCE GIVEN WAS THAT THIS ISSUE IS NOT LIMITED OFFICIAL USE

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DEAD AS FAR AS WHELAN IS CONCERNED. (E) WHEAT - MINISTER IN CHARGE OF CANADIAN WHEAT BOARD (CWB) OTTO LANG ATTENDED A PORTION OF MEETING. LANG STATED THAT IN ABSENCE OF ANY MINIMUM PRICING PROVISIONS IN IWA, CANADA'S INITIAL PAYMENT PRICE OF DOLLARS 3.00 WOULD NOT BE RESTRICTIVE ON CWB SALES POLICY EVEN THOUGH THIS COULD REQUIRE FEDERAL FUNDS TO MEET INITIAL PAYMENTS. DEPENDING ON PRICING PROVISIONS OF A NEW IWA, CANADA COULD UNDERTAKE A PRICING POLICY THAT WOULD PROTECT U.S. LOAN RATE. IN REFERENCE TO SECRETARY BERGLAND'S STATEMENT THAT 1977 CROP WHEAT IN U.S. NOW SELLING AT DOLLARS 1.70, LANG OPINED THAT U.S. LOAN RATE WAS TOO LOW. DISCUSSION ALSO INCLUDED POSSIBLE ARRANGEMENTS FOR NEXT MEETING OF MAJOR WHEAT EXPORTERS AND INCLUSION OF EEC AT SOME POINT WHICH LANG AGREED COULD BE HELPFUL. U.S. SIDE (HATHAWAY) REFERRED TO THE BREAK-DOWN OF THE 1967 IGA MINIMUM PRICING PROVISIONS AND ASKED IF GOC HAD ANY SUGGESTIONS FOR STRENGTHENING THIS APPROACH. BERGLAND ASKED IF GOC HAD A FIRM POLICY ON A NEW IWA; IF SO, U.S. WOULD LIKE TO KNOW AND HOPEFULLY U.S. COULD

COMPLEMENT CANADIAN POSITION. LANG AGREED TO MAKE GOC VIEWS AVAILABLE TO U.S. BEFORE EPG MEETING SCHEDULED FOR JUNE 2. THE QUESTION OF WHEAT DISCUSSIONS IN IWA VIS A VIS THE MIN WAS DISCUSSED AND IT WAS GENERALLY AGREED THAT AT THIS STAGE THERE WAS MERIT IN MAINTAINING ACTIVITY IN BOTH FORA. AMBASSADOR WARREN POINTED OUT THAT TO PULL WHEAT OUT OF MTN MIGHT STRENGTHEN HAND OF THOSE WHO WANT TO NEGOTIATE SEPARATELY ON AGRICULTURE.

(F) TRADE ISSUES - WHELAN BRIEFLY MENTIONED A NUMBER OF TRADE ISSUES - U.S. DUTIES ON CORN, SOYBEANS, FDA REGS. ON RAPESEED OIL, BOXED BEEF, QUOTA DUTY ON CATTLE, REVISION OF CANADIAN POTATO GRADES, RECENTLY TABLED TARIFF BOARD RECOMMENDATIONS ON FRESH FRUITS AND VEGETABLES, BROILERS,

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ETC. HE SUGGESTED THAT THERE BE A U.S./CANADIAN COMMITTEE OF GOVERNMENT OFFICIALS TO REVIEW THESE ISSUES AND SEE WHAT COULD BE DONE ABOUT THEM. BERGLAND STATED THAT THE U.S. IS NOT GOING TO SEEK THE IMPOSSIBLE IN TRADE NEGOTIATIONS. WHILE WE ADVOCATE LIBERAL TRADE AND SEEK TO MAXIMIZE OUR EXPORTS, WE ALSO HAVE RESTRICTIONS ON IMPORTS (DAIRY PRODUCTS, BEEF, ETC.) WHICH THE SECRETARY OF AGRICULTURE CANNOT CHANGE. HATHAWAY NOTED THAT THERE WERE SOME DISPARITIES ON THE CANADIAN SIDE, CITING DUTY ON RED CHERRIES. BERGLAND SUPPORTED WHELAN'S PROPOSAL FOR AN ON-GOING U.S./CANADIAN TASK FORCE TO REVIEW THESE BILATERAL MATTERS. QUESTION OF HANDLING THESE MATTERS BILATERALLY OR WITHIN MTN WAS DISCUSSED. IT WAS NOTED THAT MTN COULD OFTEN PROVIDE FRAMEWORK WITHIN WHICH BILATERAL SETTLEMENTS

COULD BE IMPLEMENTED. (G) POTATOES - HATHAWAY QUERIED THE CANADIAN SIDE AS TO THE REASON FOR CHANGING THE EFFECTIVE DATE FROM SEPTEMBER 15 TO JULY 1 FOR THE NEW MINIMUM SIZE, POINTING OUT THAT A SIGNIFICANT PORTION OF CALIFORNIA LONG WHITE POTATOES ENTER CANADA AFTER JULY 1. GOC OFFICIALS SAID THEY WOULD TAKE NOTE OF THIS QUESTION. NOTE: AS A RESULT OF SEVERAL PRIVATE DISCUSSIONS WITH GOC OFFICIALS AGATT BELIEVES GOC WOULD CONSIDER SETTING LIMITED OFFICIAL USE

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EFFECTIVE DATE AT AUGUST 1 OR LATER WHICH WOULD PERMIT MOVEMENT OF CALIFORNIA LONG WHITES TO ENTER UNDER TWO INCH STANDARD DURING NORMAL APRIL/JULY MARKETING PERIOD. HOWEVER, THERE APPEARS TO BE STRONG SUPPORT FOR NEW STANDARDS TO BE IN EFFECT WHEN U.S. STRIPPER POTATOES ENTER CANADIAN MARKET. (H) BEEF - WHELAN INITIATED DISCUSSION OF CANADIAN BEEF EXPORTS TO U.S. AND NOTED THAT EXPORTS NOW REPRESENTED HALF OF AGREED LEVEL WITH TWO THIRDS OF YEAR REMAINING. U.S. SIDE BRIEFLY REVIEWED IMPLICATIONS OF TRIGGERING MANDATORY QUOTAS UNDER MEAT IMPORT ACT. BOTH SIDES RECOGNIZED THAT DRY WEATHER IN WESTERN CANADA HAD PROLONGED BEEF HERD LIQUIDATION RESULTING IN LARGER EXPORTS OF BEEF AND LIVE CATTLE THAN HAD BEEN EXPECTED. IT WAS AGREED THAT BILATERAL CONSULTATIONS ON BEEF TRADE WOULD BE ARRANGED ASAP. (I) ANIMAL HEALTH - DIRECTOR OF VETERINARY SERVICES MCGOWAN - REQUESTED USG CONSIDER RECIPROCITY IN ACCEPTING GOC MEAT PLANT INSPECTION AND DISCONTINUE PRACTICE OF APHIS MPI SUPERVISORY INSPECTION. HUME SAID THIS MIGHT REQUIRE AMENDING WHOLESOME MEAT ACT. BERGLAND AGREED TO SEE WHAT U.S. LAW WOULD ALLOW AND REPLY TO REQUEST. MCGOWN PREVIEWED RECENT BRUCELLOSIS REGULATIONS BY NEW YORK STATE AND STATED THAT CDA HAD BEEN UNABLE TO TRACE ORIGIN OF DISEASED CATTLE IN CANADA. ALSO STATED THAT BOTH NEW YORK AND PENNSYLVANIA STATE GOVERNMENTS ARE CONTACTING CDA DIRECTLY ON BRUCELLOSIS MATTERS WHICH PRESENTED AN AWKWARD SITUATION. SECRETARY BERGLAND STATED THAT NEW YORK STATE HAS OWN REGULATIONS WHICH USG DOES NOT PRE-EMPT. HOWEVER, USDA WILL CONTACT BOTH STATES AND ARRANGE FOR SUCH REPRESENTATIONS TO BE MADE THROUGH FEDERAL CHANNELS. (J) RESEARCH - COOPERATION AND EXCHANGES IN AGRICULTURAL RESEARCH ARE EXCELLENT AND APPRECIATED BY BOTH SIDES. (K) CROP INSURANCE - BERGLAND SAID USDA WOULD LIKE TO KNOW MORE ABOUT CDA CROP INSURANCE PROGRAM. WHELAN STATED HE WOULD BE PLEASED TO HAVE USDA OFFICIALS MEET WITH CDA CROP INSURANCE OFFICIALS. (L) WORLD FOOD CONFERENCE - LIMITED OFFICIAL USE

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HATHAWAY MENTIONED USG CONCERN OVER FAILURE OF WFC PREPCOM TO DEVELOP APPROPRIATE AGENDA FOR UPCOMING MINISTERIAL MEETING IN MANILA, AND SAID USG WOULD MAKE EFFORT TO SEEK SUPPORT OF SEVERAL KEY COUNTRIES IN DEVELOPING AGENDA LIMITED TO KEY ITEMS OF INTEREST TO MINISTERS. CDA IN COMPLETE AGREEMENT.

3. MEETING WAS FOLLOWED BY JOINT PRESS CONFERENCE. CANADIAN PRESS COVERAGE NOTED SO FAR HAS BEEN STRAIGHT FORWARD AND FACTUAL. EMBASSY WILL POUCH CLIPPINGS TO FAS (HUME) AND EUR/CAN. ENDERS

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